SIXTH FEDERAL RESERVE DISTRICT

Anatomy of a Mortgage Market

A Decade of Financing Home Building in the South

Will the supply of mortgage funds be adequate to finance the anticipated expansion in home building in the South? Throughout the postwar period, this question has worried people intending to buy, build, and finance homes. Perhaps one reason why concern in the South about the availability of mortgage money has persisted is that our comprehension of today's mortgage market developments and our vision of tomorrow's have been obscured by inadequate knowledge of what has gone before.

We have had for some time information relating to the volume of mortgage lending by savings and loan associations, commercial banks, and insurance companies located in the South. But a major stumbling block to analysts of the Southern mortgage market has been the lack of quantitative data on the volume of mortgage funds flowing into the region from financial institutions located outside the South. Such data, however, are now available as a result of a recent survey of mortgage companies conducted by this Bank. Now, all of the pieces of the mortgage puzzle are available and can be assembled.

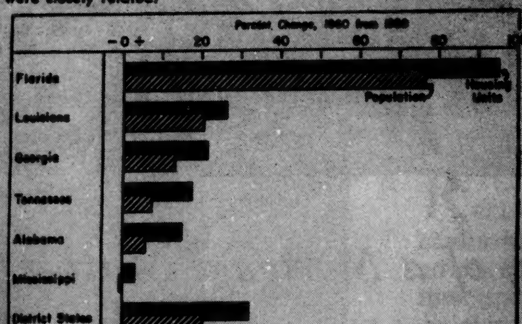
This article, therefore, endeavors to present a picture of the anatomy of the mortgage market as it has functioned in the past. Why have some regions in the South required more mortgage funds than others? Through what arteries have these funds flowed? These are the main questions to which we shall direct our attention, since answers to them are needed not only for our understanding of the present but also as a prerequisite to any prognosis of the future.

More People Plus Higher Incomes Equal More Housing

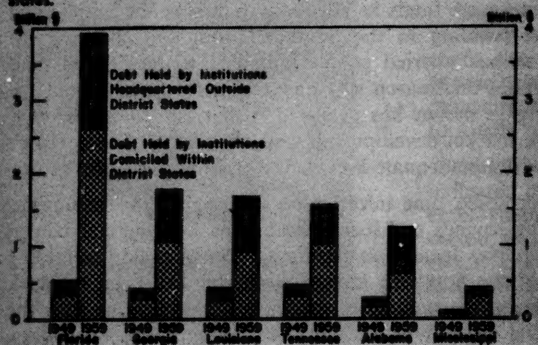
The period 1946-49 was characterized by a housing shortage and a frantic search for a place to live. Underlying the strong demand for housing was the backlog of needs carried over from the depressed 1930's and the war years of the 1940's. On top of this came the postwar boom in household formations resulting from a high marriage rate and an undoubling—the setting up of separate residences by units formerly sharing houses or apartments with other units. In these circumstances, it seemed almost necessary to be at least a blood-relative of the landlord and to be high on the social register—with no children—to rent an apartment. And almost anything with four walls and a roof could be sold as a house.

By the end of 1949, the most pressing housing needs had been met but building activity continued to expand, stimulated by a growing and shifting population, more and more upgrading—movement of existing owners into larger and better equipped homes, rising consumer incomes, and continued availability of mortgage credit on liberal terms. During the 1950's developments in states that lie wholly or partly in the Sixth

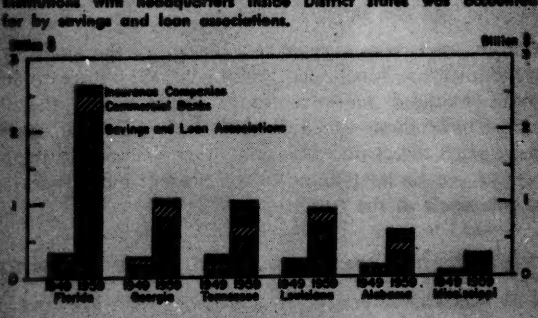
Housing unit increases and population growth during the 1950's were closely related.



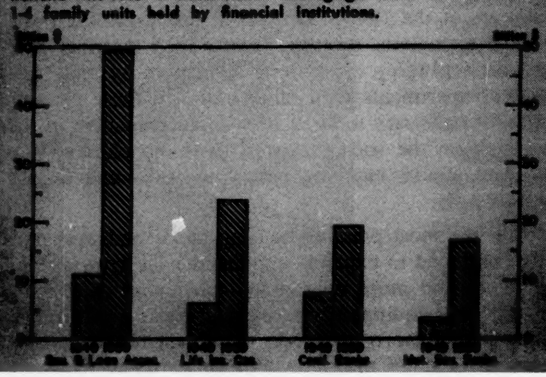
Expansion in residential mortgage debt on Southern property generally paralleled activity in home building and was financed primarily by financial institutions with headquarters inside District states.



Most of the increase in residential mortgage debt of financial institutions with headquarters inside District states was accounted for by savings and loan associations.



Savings and loan associations accounted for the major share of the national increase in residential mortgage debt on houses with 1-4 family units held by financial institutions.



District—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—demonstrate clearly the relationship between changes in population and changes in number of housing units. Even the slight decline in population in Mississippi from 1950 to 1960, for example, was accompanied by only a slight increase in the number of housing units, according to preliminary estimates of the Bureau of the Census. In Florida, on the other hand, where population expanded by a phenomenal 77 percent during the last decade, the number of housing units almost doubled.

Although population growth was a basic factor in Florida's housing boom, developments in that state also illustrate the importance of the shifting population and the tendency to concentrate in certain areas as stimuli to home building. It is estimated, for example, that about three out of four people added to Florida's population in the last decade came from outside the state. An in-migration of this magnitude undoubtedly resulted in a larger number of households seeking living quarters than would have been the case if the growth in total population stemmed from a natural increase. In District states other than Florida the demand for housing, of course, was also influenced by changes in the number and composition of the population and by the movement of families from rural to urban areas.

Although increases and shifts in population create a need for living accommodations, the ability and willingness to purchase housing, particularly single-family dwellings, also depend upon current incomes and expectations of future earnings. As year after postwar year went by with no major depression, potential home buyers' confidence in the economic future probably increased. Such confidence turned out to be well-founded, since income expanded during the 1950's with only minor interruptions. From 1949 to 1959, the average income of families in the nation after taxes rose from $3,860 to $5,880, and the number of families earning $4,000 or more increased from 16.5 million to 36.5 million. The average Southern family made somewhat greater gains in income than the average for the nation, although the level of family earnings in the South was lower.

More Home Sales Plus Easier Terms Equal More Mortgage Credit

Demographic and financial factors being favorable throughout much of the postwar period, sales of houses skyrocketed, and mortgage debt on residential properties in District states held by financial institutions increased from an estimated $2.2 billion in 1949 to $10.6 billion in 1960. Debt on residential properties rose in every District state. In Florida, which had the greatest gain in the number of housing units in the last decade, mortgage debt increased over 600 percent.

The growth in mortgage debt throughout District states reflects increased sales of new homes; construction of higher-priced, larger, better-equipped houses, rising construction costs; and more liberal mortgage credit terms. The average downpayment on a conventionally financed house, for example, declined from over 40 percent in 1949 to about 32 percent in 1959; downpayments on

Outstanding Mortgages Serviced by Mortgage Companies Domiciled in Sixth District States by Type of Mortgage and by Type and Location of Institutional Investor, December 31, 1959

(Millions of Dollars)

	Location of Mortgage Company						Sixth District States
	Alabama	*Florida*	*Georgia*	*Louisiana*	*Mississippi*	*Tennessee*	
TOTAL MORTGAGES OUTSTANDING	829	1,755	1,013	848	200	704	5,347
TYPE OF MORTGAGE							
Residential	777	1,582	899	831	184	671	4,941
VA	342	655	348	381	60	244	2,029
FHA	356	738	457	401	113	335	2,398
CONV	79	189	94	49	11	92	514
Non-Residential	52	173	114	17	16	33	406
TYPE OF INSTITUTIONAL INVESTOR							
Life Insurance Companies	528	694	526	461	147	413	2,768
Mutual Savings Banks	125	665	304	221	21	157	1,492
All Others	176	396	183	166	32	134	1,087
LOCATION OF INSTITUTIONAL INVESTOR							
New York	308	720	428	366	58	289	2,168
New England	110	455	208	128	34	156	1,090
Sixth District States	164	314	206	61	84	142	971
All Other States	247	266	171	293	24	117	1,118

FHA and VA mortgages were also reduced. The easing in mortgage terms, while it necessitated a larger pool of mortgage funds, tended to broaden the market for homes. There is little indication, however, that the higher average mortgage debt has been more difficult for home owners to carry than before. In 1958, as in 1948, mortgagors, according to a national survey, used about 12 percent of their income to meet their monthly mortgage payments.

That mortgage debt expanded as it did during the last decade is ample evidence that savings were being accumulated somewhere. From whence did these savings come and how were they channeled into the mortgage market? A substantial part of the savings was generated locally and flowed through financial institutions domiciled in District states. A large part, probably as much as 40 percent, however, was financed by non-Southern savings. Debt financed in this way is held by establishments with headquarters outside the South.

Tapping Southern Savings

Savings and loan associations, commercial banks, and insurance companies in District states held about $6.5 billion of mortgage debt on Southern residential properties on December 31, 1959. Of this amount, insured savings and loan associations held $4.9 billion, or about 75 percent. The ability of these associations to finance such a large share of mortgage debt reflects the responsiveness and adaptability of financial institutions to basic market forces. Given the strong demand for homes during the last decade and, hence, the need for a huge supply of credit, associations, by investing primarily in mortgages with relatively high yields, were able to pay a rate of return sufficient to attract savings into the mortgage market.

Life insurance companies also accumulate savings in large volume, but unlike savings and loan associations, they allocate these savings among mortgages, corporate securities, and other investments. Insurance company investments, moreover, may be scattered over a wide geographic area in contrast with associations that finance mortgages primarily on local properties. Of the mortgages held by the 20 largest insurance companies domiciled in District states in 1959, for example, about 40 percent were on properties located outside the South; the remaining share, $773 million, represented debt on properties in District states.

Commercial banks extend primarily short- and intermediate-term credit to businesses and consumers, in contrast to savings and loan associations and insurance companies that make mostly long-term investments. Nevertheless, loans outstanding at insured commercial banks in District states, secured by residential real estate, totaled $853 million in 1959. This amount represents not only long-term mortgage financing of homes but also short-term financing of mortgage companies and builders.

Despite their sizable contribution, Southern savers and financial institutions could not by themselves have financed the expansion in home building without severely limiting the amount of credit available for businesses and governments. In the United States, credit flows relatively freely among regions. Financial institutions with excess funds and headquartered in capital surplus areas are constantly seeking investment opportunities. During the postwar period such opportunities were abundant in the South.

Mortgage Companies Facilitate Flow of Funds

In the structure of the mortgage market, the link between the South and financial institutions in other regions is the mortgage company. Mortgage companies domiciled throughout District states originate and service mortgages primarily for insurance companies and mutual savings banks. Since the activities of mortgage companies are less publicized than those of other financial institutions, it may be well to run through a typical transaction.

An insurance company headquartered in New York, for example, may agree to purchase—over a period of time—$500,000 in mortgages from a mortgage company domiciled in Georgia. The Georgia company, through its contacts in the area, would seek to fill the order. After ferreting out the mortgages, it would likely finance them through the commercial banks during the short interval between the closing and delivery of the mortgage to the insurance company. After closing, the mortgage payments

are generally collected or serviced by the mortgage company and are then transmitted to the insurance company. The mortgage company thus earns its income through the originating and servicing of mortgages.

Nine out of ten mortgages purchased by the mortgage company for the insurance company would probably be FHA and VA mortgages. It was the Government-insured mortgage, with its standard contract and minimum risk, that stimulated out-of-state mortgage investing by financial institutions. This, together with the boom in home building, contributed much to the phenomenal growth of Southern mortgage companies.

Just how much they have grown and how much they have contributed to the expansion in Southern home building has been something of a mystery until recently. A survey of Southern mortgage companies conducted by this Bank, with splendid cooperation from the Mortgage Bankers Association, however, has now provided us with a wealth of quantitative data on mortgage company activity. This information should be highly reliable, since almost all important mortgage companies domiciled in District states participated in the survey.

According to the survey findings, the volume of outstanding mortgages serviced by mortgage companies in District states increased from $1.1 billion in 1949 to $5.3 billion in 1959, or about 400 percent. As might be expected, the rate of expansion was greatest in those states where building was most active. The amount of funds channeled into residential and other mortgages in individual District states, as well as the type and location of the financial institution providing the funds, is shown in the table on page 3.

These findings are significant because they quantify former generalizations. We now know that mortgage companies service many residential mortgages for insurance companies and mutual savings banks, located mostly in New York and New England, but more importantly we know to what extent they do so. These data, moreover, when combined with existing information from savings and loan associations, commercial banks, and insurance companies domiciled in District states, provide a reasonably clear picture of the structure of the Southern mortgage market.

What Is Past Is Prologue

Will the supply of mortgage funds be adequate to finance the anticipated expansion in home building in the South in the year ahead? If the experience of the postwar years may be used as a guide, the answer is a resounding "Yes." In the past, expansion in population and households created a need for additional housing, and incomes rose sufficiently to pay for homes of higher quality and cost. With demographic and financial factors producing a strong demand for homes, market forces were set in motion which favored the development of two financial institutions concerned primarily with mortgage financing: the savings and loan association, which channeled local savings into local mortgages, and the mortgage company, which broadens the market by channeling funds from capital surplus areas into mortgages in areas with a savings deficit. If the effective demand for homes continues strong in the years ahead, mortgage funds will likely be forthcoming, for who can say what new financing techniques institutions may develop, or what new mortgage institutions may arise to challenge the old?

"What Is Past Is Prologue" is a line inscribed on the front of the National Archives building that stands solidly on Pennsylvania Avenue in the nation's capitol. We share the historian's view that the past is the key to the present and the introduction to the future, although by no means do we expect ourselves or our readers to be omniscient because of having retread the recent path of Southern home building and mortgage activity.

ALFRED P. JOHNSON

Mortgage Market Statistics
Sixth District, 1949 and 1959

Detailed tables relating to mortgage market statistics of financial institutions in the Sixth District for the years 1949 and 1959 are available upon request to the Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Georgia's Economy: Undecided at a High Level

A look at the charts on the next page might raise some questions about the status of Georgia's economy and the direction in which it is headed. Some indicators have been declining for the last few months; some have shown persistent gains; the majority, however, have fluctuated to such a degree that it is difficult to tell which way they are going.

Lines on charts usually represent totals or averages of a number of different factors, which may be following widely different trends. A closer look at the indicators charted, as well as a few others, therefore, may give us a better view of the economic scene.

Nonfarm employment, an important gauge of the health of an economy, usually does not change much between April and July in Georgia. This year, however, employment dropped 16,000 during that period, bringing the sea-

sonally adjusted index down 2 percent and wiping out most of the gain made during 1959.

The downturn was a result of offsetting changes in the various types of employment. Some smaller employers, such as service establishments, public utilities, banks, and insurance companies, added more new workers to their payrolls than they usually do in the spring and early summer. State and local governments, on the other hand, reduced their work forces substantially more than they normally do between April and July. Trade employment has not followed its customary pattern of rising during the early months of the year.

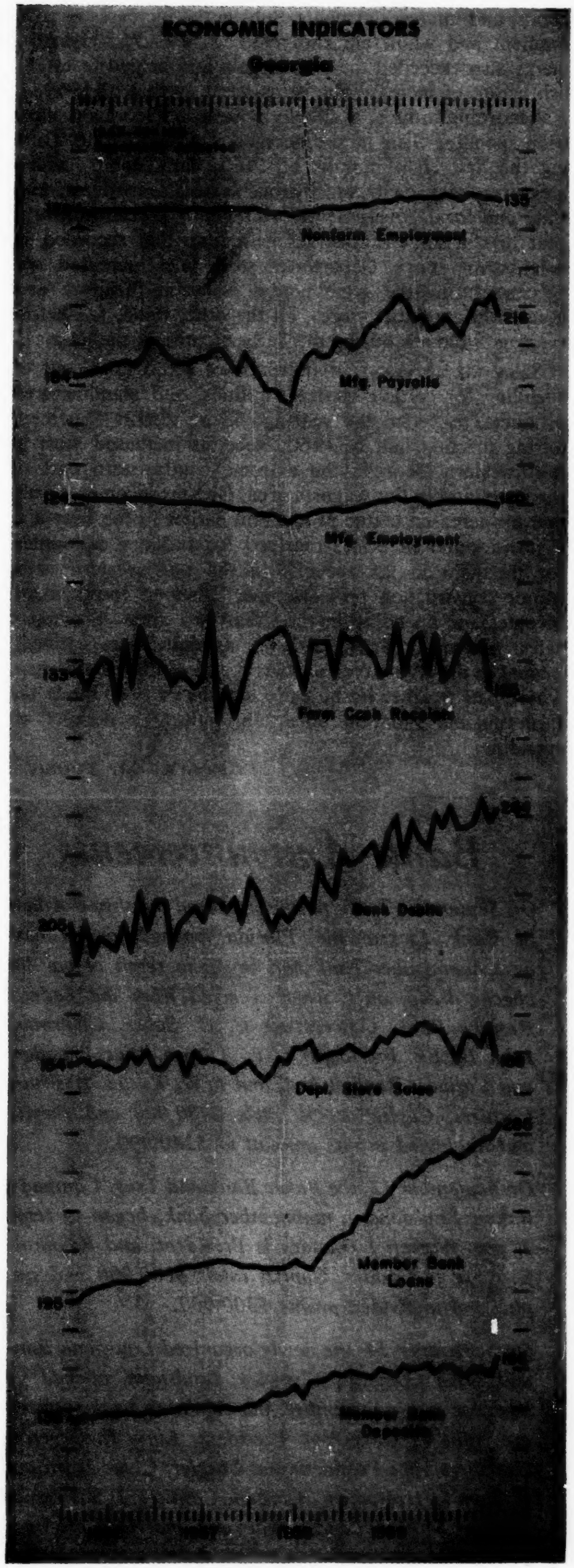
The most serious aspect of the drop in nonfarm jobs is the recent downturn in manufacturing employment. Between April and July, manufacturing work forces dropped almost 6,000, more than twice the usual decline in that period. A large part of the cutback was due to declines in textile and transportation equipment employment, although most other types slackened or failed to gain as much as they have in comparable periods of other years.

Just as the 1958-59 upturn in business activity in Georgia was accompanied by a revival of textile mill activity, so the current lack of vigor in the economy is paralleled by a reduction in textile employment and output. Employment in the state's cotton, woolen and synthetic fiber production and fabrication plants declined over 3,000 between March and July, following a 22-month period of almost uninterrupted gains. Coincident with the drop in textile jobs has been a mild downturn in apparel manufacturing work forces, which came after a 17-percent gain in less than a year and a half. In both these industries developments in the next few months will probably follow national patterns. Nationally, a substantial backlog of unfilled orders has helped keep textile production fairly high, but a steady decline in new orders has clouded the outlook.

Gradual cutbacks in the work force at a major aircraft assembly plant have been largely responsible for a drop of 4,000 in transportation equipment employment since last summer. Plant officials see no reversal of this trend in the immediate future. A pickup in automobile production following model change-over, however, may provide enough new jobs to counteract continued small declines in aircraft employment.

Despite the recent slide in the number of manufacturing workers, employment in the first six months of 1960 averaged about 1.5 percent above the comparable period of 1959. Manufacturing payrolls rose almost 3 percent, indicating an increase in average hourly earnings. Larger manufacturing payrolls, together with rising cash receipts from farm marketings, substantial increases in government wage rates, and larger earnings in other fields have provided Georgians with the higher incomes that are the basis for a continued high level of economic activity.

Total personal income in Georgia during the first half of 1960 amounted to about $3.1 billion, according to this Bank's estimates, a gain of 5.5 percent over the comparable period last year. All sources of income shared in the increase, ranging from a fractional gain in farm cash receipts to an 11-percent rise in income from rent, divi-



dends, and interest payments. Substantial increases in government and wholesale and retail wage and salary payments also exceeded the overall gain and helped to establish a rate of increase almost as great as that of 1959.

According to most available indicators, Georgians have been spending their larger incomes at a record rate. During the first eight months of 1960, bank debits, which measure check payments by businesses, individuals, and state and local governments, averaged 7 percent above a year ago, a somewhat larger gain than that recorded in neighboring states. Department store sales increased one percent during the same period. Sales at furniture and household appliance stores, on the other hand, fell below year-ago volumes during the early months of the year.

Sales tax receipts, an indicator of retail sales and of spending for certain services, utilities, and manufactured products, exceeded the year-ago figure almost 5 percent during the first half of 1960. Receipts increased most in northwestern Georgia, the extreme southeastern part of the state, and in the Augusta area. Greater incomes, partly due to increased textile production earlier in the year and a turn-around in prices received for broilers, accounted for the gain in tax receipts in the northwestern area. Major construction projects have bolstered employment, income, and spending in the other two areas. Slackened sales, as measured by sales tax receipts, were confined mainly to the rural areas of central and southwest Georgia, where bad weather in the early months of 1960 made the farm income situation uncertain, putting a damper on spending.

ROBERT M. YOUNG

Bank Announcements

On September 7, the newly organized Southside Atlantic Bank, Jacksonville, Florida, opened for business as a nonmember bank and began to remit at par for checks drawn on it when received from the Federal Reserve Bank. Officers are C. C. Space, Chairman; John H. Ek, President; J. L. Turner, Vice President and Cashier; Randall Hall and J. W. Kesler, Assistant Cashiers. Capital stock totals $480,000 and surplus and undivided profits amount to $240,000.

On September 12, the Baker Bank and Trust Company, Baker, Louisiana, a nonmember bank, began to remit at par. Warren J. Landry is President, and Reymond E. Coxe is Cashier. Capital totals $200,000 and surplus and undivided profits $300,000.

On September 24, the newly organized Louisiana Bank and Trust Company, Crowley, Louisiana, opened for business as a nonmember, par-remitting bank. Officers are John V. Unverzagt, President; Elmo F. Orgeron, Executive Vice President and Cashier; Clyde Horn and William L. Hoffpauer, Assistant Cashiers. It has capital stock of $400,000 and surplus and undivided profits of $100,000.

The second volume of "Readings in Southern Finance" entitled *Credit Needs of Business Borrowers and Lending Policies and Practices of Commercial Banks in the Southeast* is ready for distribution. In this collection of reprints from the *Monthly Review*, the studies describe how commercial banks have met the credit needs of businesses with different economic characteristics. Address requests to Research Department, Federal Reserve Bank of Atlanta, Atlanta 3, Georgia.

Debits to Individual Demand Deposit Accounts

(In Thousands of Dollars)

	Aug. 1960	July 1960	Aug. 1959	Percent Change: Aug. 1960 from July 1960	Aug. 1960 from Aug. 1959	8 Months 1960 from 1959
ALABAMA						
Anniston	41,850	42,305	41,674	—1	+0	+2
Birmingham	901,020	826,752	717,287	+9	+26	+4
Dothan	34,925	33,104	31,585	+6	+11	+8
Gadsden	38,436	35,979	35,073	+7	+10	—1
Huntsville*	65,467	59,015	60,402	+11	+8	—0
Mobile	303,130	279,471	270,686	+8	+12	+5
Montgomery	171,504	149,997	158,590	+14	+8	—1
Selma*	23,894	21,994	23,091	+9	+3	+5
Tuscaloosa*	54,737	52,034	51,412	+5	+6	+6
Total Reporting Cities	1,634,963	1,500,651	1,389,800	+9	+18	+3
Other Cities†	782,416	697,297	686,793	+12	+14	+5
FLORIDA						
Daytona Beach*	61,705	59,630	57,797	+10	+11	—0
Fort Lauderdale*	192,881	187,810	178,304	+3	+8	+4
Gainesville*	39,957	43,462	36,455	—8	+10	+11
Jacksonville	879,318	783,739	744,780	+12	+18	+6
Key West*	15,802	14,300	13,476	+11	+12	—0
Lakeland*	79,886	71,392	70,351	+12	+14	+7
Miami	847,425	833,401	781,864	+2	+8	+3
Greater Miami*	1,255,999	1,236,037	1,157,618	+2	+8	+2
Orlando	246,576	237,163	230,415	+4	+7	+6
Pensacola	87,396	84,322	87,912	+4	—1	+1
St. Petersburg	199,959	211,036	199,602	—5	+0	—0
Tampa	410,367	384,284	394,404	+7	+4	+2
W. Palm-Palm Bch.*	118,263	117,589	114,369	+1	+3	—2
Total Reporting Cities	3,588,109	3,430,764	3,285,483	+10	+11	+10
Other Cities†	1,621,280	1,609,869	1,465,699	+10	+11	+6
GEORGIA						
Albany	54,858	50,955	53,256	+8	+3	+7
Athens*	40,005	40,651	35,709	—2	+12	+7
Atlanta	2,209,861	2,018,820	1,990,180	+9	+11	+7
Augusta	113,982	109,182	108,032	+4	+6	+6
Brunswick	25,749	24,713	22,304	+4	+15	+5
Columbus	113,650	103,255	103,166	+10	+10	+4
Elberton	11,043	10,698	9,258	+3	+19	+10
Gainesville*	48,240	50,262	48,058	—4	+0	—2
Griffin*	19,890	17,377	18,266	+14	+9	+4
LaGrange*	18,203	21,198	19,119	—14	—5	—4
Macon	128,835	119,024	117,597	+8	+10	+3
Marietta*	30,904	32,694	31,711	—5	—3	+4
Newnan	19,651	18,961	19,959	+4	—2	+12
Rome*	49,550	47,813	42,619	+4	+16	+14
Savannah	202,791	191,308	188,436	+6	+8	—0
Valdosta	43,453	34,121	48,451	+27	—10	—2
Total Reporting Cities	3,130,665	2,891,032	2,856,121	+8	+10	+6
Other Cities†	1,017,702	975,894	887,654	+4	+15	+9
LOUISIANA						
Alexandria*	69,769	71,566	72,780	—3	—4	+1
Baton Rouge	281,476	265,618	263,966	+6	+7	+2
Lafayette*	60,951	59,733	61,270	+2	—1	—4
Lake Charles	74,779	75,331	84,359	—1	—11	—9
New Orleans	1,377,647	1,307,356	1,302,882	+5	+6	+3
Total Reporting Cities	1,864,622	1,779,604	1,785,257	+5	+4	+2
Other Cities†	629,663	597,075	591,573	+5	+6	+2
MISSISSIPPI						
Biloxi-Gulfport*	53,738	49,978	49,498	+8	+9	+4
Hattiesburg	37,832	38,876	35,857	—3	+6	+6
Jackson	337,763	323,673	278,015	+4	+21	+6
Laurel*	28,215	26,393	28,451	+7	—1	+5
Meridian	46,736	42,067	42,914	+11	+9	+0
Natchez*	22,088	21,820	23,053	+1	—4	+2
Vicksburg	20,712	19,306	18,214	+7	+14	+5
Total Reporting Cities	547,084	522,113	476,002	+5	+15	+5
Other Cities†	273,057	265,576	268,920	+3	+2	+5
TENNESSEE						
Bristol*	45,214	46,632	43,713	—3	+3	+3
Chattanooga	327,721	304,902	332,198	+7	—1	+0
Johnson City*	42,893	43,225	41,311	—1	+4	+4
Kingsport*	83,291	86,911	82,713	—4	+1	+5
Knoxville	250,050	238,413	217,203	+5	+15	+5
Nashville	797,546	706,915	705,552	+13	+13	+2
Total Reporting Cities	1,546,715	1,426,998	1,422,690	+8	+9	+2
Other Cities†	622,284	593,176	579,513	+5	+7	+4
SIXTH DISTRICT	17,258,560	16,290,049	15,695,505	+11	+10	+4
Reporting Cities	12,312,158	11,551,162	11,215,353	+11	+10	+4
Other Cities	4,946,402	4,738,887	4,480,152	+10	+10	+6
Total, 32 Cities	10,638,041	9,905,047	9,585,870	+7	+11	+4
UNITED STATES						
344 Cities	241,809,000	223,608,000	208,130,000	+8	+16	+7

*Not included in total for 32 cities that are part of the national bank debit series.
†Estimated.

Sixth District Indexes

Seasonally Adjusted (1947-49 = 100)

	1959						1960							
	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.
SIXTH DISTRICT														
Nonfarm Employment	142	141	141	142	142	142	142	142	142	143	143	143	143	143
Manufacturing Employment	126	123	122	122	123	123	124	124	124r	125	126	125	125	124
Apparel	191	190	190	190	189	191	192	190	191	194	195	195	197r	192
Chemicals	134	135	131	130	130	132	132	133	132	135	135	136	135	135
Fabricated Metals	191	184	186	182	183	185	191	193	190	188	192	194	194	195
Food	114	113	114	115	116	113	117	117	115	116	117	116	116	117
Lbr., Wood Prod., Fur. & Fix.	81	81	80	81	80	80	80	80	79	79	79	79	78	78
Paper & Allied Products	166	164	166	164	161	160	166	165	164	166	167	165	166	165
Primary Metals	104	79	79	79	97	103	101	100	95	98	99	99	97	95
Textiles	89	88	89	88	87	87	87	87	88	87	87	87	88	87
Transportation Equipment	216	215	214	221	195	199	209	208	206	210	211	206	200	202
Nonmanufacturing Employment	149	149	149	150	150	149	150	150	149	151	150	150	151r	150
Manufacturing Payrolls	228	220	216	214	215	220	222	218	214	223	227	230	234	226
Cotton Consumption**	110	94	93	93	91	91	95	95	94	95	94	93	93	90
Electric Power Production**	359	359	351	350	346	345	358	375	387	363	366	375	382	n.a.
Petrol. Prod. in Coastal Louisiana & Mississippi**	195	203	207	215	214	231	227	226	228	224	222	220r	227	227
Construction Contracts*	416	440	380	350	302	302	328	345	333	333	351	371r	375	n.a.
Residential	425	444	440	441	373	367	351	366	360	356	384	387	376	n.a.
All Other	410	436	331	276	245	249	309	327	311	315	325	359r	365	n.a.
Farm Cash Receipts	142	123	153	160	142	133	124	124	121	126	132	132	127	n.a.
Crops	122	95	140	149	120	99	93	96	95	100	111	98	83	n.a.
Livestock	188	179	187	179	185	184	169	176	179	188	185	192	194	n.a.
Department Store Sales*/**	185	184	186	188	189	185	180	175	162	192	176	183	194	178p
Department Store Stocks*	214	219	222	225	223	225	225	223	225	223	223	227	227r	232p
Furniture Store Sales*/**	159r	161	149	158	163	151	166	143	129	149	145	142	147	150p
Member Bank Deposits*	180	183	183	182	184	181	182	181	180	178	180	181	181	184
Member Bank Loans*	329	330	331	331	332	335	337	340	344	347	350	351	354	357
Bank Debits*	283	259	281	271	270	286	275	294	288	278	277	288	271	285
Turnover of Demand Deposits*	161r	154	150	147	150	154	154	156	153	148	163	159	162	167
In Leading Cities	179	174	164	153	160	166	166	168	167	167	181	183	179	190
Outside Leading Cities	124	115	118	108r	109	120r	119	120	119	114	126	119	129	124
ALABAMA														
Nonfarm Employment	126	122	122	122	125	125	126	125	124	125	126	126	126	126
Manufacturing Employment	111	103	102	100	107	108	108	107	106	108	109	109	109	108
Manufacturing Payrolls	204	179	172	173	188	194	198	192	190	195	198	201	202r	193
Department Store Sales**	168	177	167	172	162	163	165	158	156	176	162	171	178	170
Furniture Store Sales	139	143	139	138	134	128	148	133	112	127	128	127	126r	120p
Member Bank Deposits	160	160	160	159	159	158	159	158	160	157	159	160	162	164
Member Bank Loans	275	269	270	272	272	273	279	283	284	296	300	292	299	294
Farm Cash Receipts	122	121	154	159	112	112	113	122	125	122	131	123	124	n.a.
Bank Debits	248	221	243	236	224	247	236	245	244	240	240	245	234	257
FLORIDA														
Nonfarm Employment	200	200	200	200	199	197	197	197	197	199	201	202	204	203
Manufacturing Employment	206	206	206	206	203	201	204	204	202	205	209	211	213	215
Manufacturing Payrolls	372	378	377	377	371	374	366	364	352	372	389	392	409r	407
Department Store Sales**	249	262r	252	248	264	257	250	240	245	274	260	264	277	263
Furniture Store Sales	178	212	177	180	203	195	189	174	157	181	175	167	167	215
Member Bank Deposits	239	246	247	245	245	241	242	237	234	230	235	238	239	244
Member Bank Loans	544	548	550	546	547	548	546	550	546	553	554	559	563	571
Farm Cash Receipts	239	210	248	202	190	201	231	206	171	217	225	187	204	n.a.
Bank Debits	429	395	437	422	414	424	391	423	410	387	404	443	399	433
GEORGIA														
Nonfarm Employment	136	135	136	136	136	136	137	136	135	138	137	136	136r	135
Manufacturing Employment	124	122	123	123	120	121	122	122	122	122	122	122	121	120
Manufacturing Payrolls	225	221	213	216	208	210	216	211	205	215	223	221	226r	216
Department Store Sales**	172	170	170	175	176	172	172	164	156	170	169	164	175	159
Furniture Store Sales	159	163	144	159	157	150	149	127	120	142	132	135	134r	145p
Member Bank Deposits	157	162	160	160	163	158	161	161	158	157	161	160	157	166
Member Bank Loans	256	260	259	261	266	267	269	271	268	271	275	277	278	285
Farm Cash Receipts	159	133	151	155	134	153	130	134	146	153	144	150	125	n.a.
Bank Debits	260r	239	258	249	244	261	254	265	254	254	257	269	258	264
LOUISIANA														
Nonfarm Employment	130	129	130	130	130	130	131	131	130	131	131	130	130	130
Manufacturing Employment	95	94	94	95	94	93	94	95	95	95	95	95	95	94
Manufacturing Payrolls	175	175	175	167	168	168	173	173	176	179	178	178	177r	177
Department Store Sales*/**	156	160	153	154	158	155	155	150	147	156	152	161	159	152
Furniture Store Sales*	205r	178	193	171	195	184	188	192	172	176	175	184	203	155p
Member Bank Deposits*	160	160	160	157	160	158	161	159	160	163	161	161	160	158
Member Bank Loans*	302	299	304	307	309	311	312	316	335	332	338	333	334	334
Farm Cash Receipts	107	95	117	123	127	112	90	90	94	89	101	119	102	n.a.
Bank Debits*	236	227	252	229	216	238	207	224	244	233	233	253	225	238
MISSISSIPPI														
Nonfarm Employment	134	133	135	135	136	135	138	137	136	137	137	136	136	135
Manufacturing Employment	133	133	134	134	134	135	135	134	133	134	135	134	133	132
Manufacturing Payrolls	250	250	251	239	242	244	253	247	254	249	244	256	253	247
Department Store Sales*/**	176	171	161	172	160	169	161	154	155	169	154	175	175	153
Furniture Store Sales*	115	129	95	83	117	133	106	99	94	100	113	107	112r	100
Member Bank Deposits*	197	194	195	202	204	208	200	202	205	199	198	195	196	193
Member Bank Loans*	402	402	411	392	392	403	414	422	418	422	433	438	449	431
Farm Cash Receipts	108	110	134	147	145	128	92	91	115	101	105	97	104	n.a.
Bank Debits*	240	230	242	234	237	252	226	244	246	236	222	243	241	254
TENNESSEE														
Nonfarm Employment	125	124	124	124	124	124	124	124	123	126	125	125	126r	125
Manufacturing Employment	124	123	123	122	123	123	124	123	123	124	124	124	125	124
Manufacturing Payrolls	216	220	215	212	212	214	219	219	208	225	223	223	225r	225
Department Store Sales*/**	165	155	158	161	164	157	154	145	137	159	146	155	167	151
Furniture Store Sales*	100r	122	109	108	102	109	104	95	98	103	111	107	93	106p
Member Bank Deposits*	165	165	166	167	167	164	166	161	161	163	165	167	169	167
Member Bank Loans*	288	287	288	292	292	296	296	300	303	304	310	313	316	316
Farm Cash Receipts	112	111	124	135	119	116	88	90	86	100	95	102	109	n.a.
Bank Debits*	244	226	233	228	237	232	235	252	242	236	247	245	236	245

*For Sixth District area only. Other totals for entire six states. n.a. Not Available. p Preliminary. r Revised.
**Daily average basis.

Sources: Nonfarm and mfg. emp. and payrolls, state depts. of labor; cotton consumption, U. S. Bureau Census; construction contracts, F. W. Dodge Corp.; petrol. prod., U. S. Bureau of Mines; elec. power prod., Fed. Power Comm. Other indexes based on data collected by this Bank. All indexes calculated by this Bank.

CREDIT CONDITIONS *have become somewhat easier, as member bank reserves and deposits have increased. Economic conditions have changed less dramatically, but some important measures of activity are no longer expanding or have dipped slightly. Total nonfarm employment in August remained unchanged, but manufacturing employment dropped further. Cotton textile activity has slowed down somewhat. The farm sector, on the other hand, has not weakened appreciably, and various measures of consumer spending continue to show mixed trends.*

Member bank loans, seasonally adjusted, increased in August with Florida showing the largest gains. **Member bank deposits,** seasonally adjusted, continued a moderate uptrend in August as gains in Alabama, Florida, and Georgia more than offset declines in Louisiana, Mississippi, and Tennessee. **Borrowings from the Federal Reserve Bank of Atlanta** dropped further in September to a new low for the year.

In August, seasonally adjusted **nonfarm employment** continued near the level of the four preceding months. **Manufacturing employment** decreased further from the May record. This, together with a decline in the **average work week,** was reflected in a substantial decrease in **manufacturing payrolls.**

The seasonally adjusted **three-month average of construction contracts** changed little in July. Although contracts were substantially above late 1959, they continued well below the record high of the second quarter of 1959. **Cotton consumption,** after holding up well in July, declined in August, indicating a further slackening in cotton textile activity from the high volume last April. **Crude oil production** in Coastal Louisiana and Mississippi continued at near record volume. **Steel mill operations,** however, remained at a reduced rate.

Seasonally adjusted **department store sales** in August declined substantially from July's record. Preliminary estimates indicate that a further decline may have occurred in September. **Household appliance store sales** were unchanged, after allowance for seasonal variation. **Furniture store sales,** on the other hand, rose to the highest level since January, with substantial gains occurring in Florida, Georgia, and Tennessee. Seasonally adjusted **bank debits,** a measure of spending by individuals, businesses, and state and local governments, rose in August, following a downtrend that began in mid-winter.

Consumer savings in the form of **savings and loan shares** and member bank **time deposits** increased at better-than-seasonal rates during August in all District states. The increase in **consumer instalment credit outstanding** at commercial banks fell short of normal August gains, largely because of a relatively small increase in automobile lending. Outstanding balances at credit unions and consumer finance companies, on the other hand, continued to increase more than seasonally.

Total farm production is rising. Favorable yields of rice, peanuts, tobacco, and soybeans have boosted output and the cotton crop is virtually equaling the 1959 crop. Weather favored harvests in most places early in September and in the last two weeks. Strong winds and heavy rain in September, however, damaged citrus, avocados, and vegetables in Florida. **Prices received by farmers** have made slight gains recently as farmers received more for eggs, citrus, and milk. Prices for broilers and beef, however, declined under pressure from larger marketings. **Farm employment,** seasonally adjusted, declined from July to August.